



Greens Target U.S. Banks Over Coal Financing

Oct 3, 2007

By Steve James

NEW YORK (Reuters) - An environmental group called on two U.S. banks on Tuesday to stop underwriting a "coal rush" to build 150 new coal-fired power plants, which it said would add to greenhouse gas emissions that cause climate change.

The Rainforest Action Network launched a campaign targeting Citigroup <C.N> and Bank of America Corp <BAC.N> because they finance coal company projects that the group charges cause carbon dioxide (CO₂) emissions and toxic mercury pollution.

Coal mining, it said, is responsible for thousands of deaths annually, while mountaintop removal mining and strip mining destroy entire ecosystems and communities.

RAN stopped short of calling for a boycott of the banks, but Rebecca Tarbottom, the group's finance campaign director, said Citi and Bank of America could expect "a ruckus in the streets," through protests and possible shareholder action.

Both companies responded in statements to Reuters.

"The reality is that, as a country, over 50 percent of the electricity we all consume comes from coal," said Bank of America, adding it was "aggressively investing in and financing the development and use of cleaner renewable energies."

Citigroup said: "Citi, together with its clients, environmental organizations and other stakeholders, is taking a responsible and strong leadership position on climate change and is on record as supporting comprehensive efforts to move forward on the complicated issue of climate change."

The bank said it had committed to reducing the carbon emissions of its own operations by 10 percent by 2011 and was recently recognized as No. 1 among global banks by the Carbon Disclosure Project, a coalition of global investors.

During a teleconference from its San Francisco headquarters, RAN said: "Tell Citigroup and Bank of America to stop funding dirty coal projects and to redirect their resources and investments toward clean energy.

"Don't let your money be used to fund climate change.

"These banks MUST set real goals to reduce the 'financed emissions' from their investment portfolio and start funding the future," RAN said, accusing the pair of pledging to address global climate change while still funding the coal companies.

RAN said that rather than phase-out coal and reduce dangerous emissions, coal's proponents are pushing for the construction of more than 150 new coal-fired power plants throughout the United States.

"This new coal rush would add between 600 million and 1.1 billion tons of additional CO₂ emissions annually and negate nearly every other effort currently on the table to combat climate change," the group said.

RAN said Citi pledged in May to direct \$50 billion over the next 10 years to addressing global climate change through investments. "Financing for renewable energy, energy efficiency and improvements in energy infrastructure amount to \$31 billion spread across 10 years.

"While this may seem like a significant commitment, it amounts to less than 0.2 percent of the company's \$2.2 trillion in assets," the group said.

Citi underwrote more than \$38 billion for the energy industry in 2006, it said, while financing just one transaction for alternative energy. In 2006 Citi financed 200 times more money for "dirty energy" than it did for alternative energy.

Similarly, it said Bank of America pledged in March to support environmentally sustainable business and to address global climate change. "Unfortunately, CEO Ken Lewis' lofty rhetoric is at odds with his company's track record," RAN said. "In 2006, Bank of America spent nearly 100 times more money on dirty energy than it did supporting clean energy."

Bank of America's new climate pledge commits less than 0.2 percent of the company's \$1.5 trillion in assets to curbing climate change, it said.

"As long as Citi and Bank of America continue to fund dirty energy, they are holding back the resources needed for clean energy to flourish."

Coal is plentiful in the United States and fuels approximately 50 percent of America's electricity generation. Environmentalists argue that future increased power demand could be met by alternative sources, such as wind or solar.

The group said coal consumption is the leading cause of climate change. In the United States, the electricity sector is the single largest source of CO₂, responsible for almost 40 percent of the country's total emissions, or nearly 2.5 billion tons, it said. Constructing new power plants would cost more than \$140 billion, and each plant will have a projected lifespan of 50 years.

© Reuters 2007. All rights reserved. Republication or redistribution of Reuters content, including by caching, framing or similar means, is expressly prohibited without the prior written consent of Reuters. Reuters and the Reuters sphere logo are registered trademarks and trademarks of the Reuters group of companies around the world.

http://investing.reuters.co.uk/news/articleinvesting.aspx?type=bankingFinancial&storyID=2007-10-03T050213Z_01_N02443571_RTRIDST_0_SP_PAGE_012-N02443571-OISBN.XML